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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 10, 1987

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BULLETIN NO. 88-02

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Reapportionment of Amounts Subject to the FY 1988
Sequester

1. Purpose. This Bulletin provides guidance on apportionment of the amounts made available under the short-term continuing resolution, and any future short-term extension of it, in light of the sequester procedures required by the amendment to the Balanced Budget and Emergency Deficit Control Act of 1985 (commonly known as the Gramm-Rudman-Hollings law). The amendment, the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 (P.L. 100-119), provided new rules for the sequestration of budgetary resources.

This guidance assumes that future extensions will provide the same terms and conditions as the current continuing resolution and no full-year appropriations will be enacted before November 20, 1987. Further guidance will be provided if different terms and conditions are enacted in a short-term extension of the continuing resolution, a full-year appropriation is enacted before November 20th, or the President's November 20th Order requires additional instructions.

2. Background. The Act required, on October 20, 1987, an initial Office of Management and Budget (OMB) report to the President and the Congress and an initial Presidential Order specifying the preliminary amounts of budgetary resources to be sequestered. The Act requires that the amounts be temporarily withheld. Subsequently, on November 20th, the Act requires a revised OMB report to the President and the Congress and a final Presidential Order specifying final sequestrations.

The initial Presidential Order required that amounts sequestered be withheld from obligation or expenditure pending the issuance of the final Presidential Order, or pending full-year appropriation actions. It was published in the Federal Register on October 21, 1987.

3. Reapportionment guidance. The following reapportionment actions are taken to implement the Presidential Orders.

a. Automatic apportionment of amounts provided by current and any future part-year continuing resolutions. For all amounts provided by the current and any future part year continuing resolutions, and unless the conditions in 3.b apply, the lesser of the following amounts is automatically apportioned:

- (1) the rate reflecting seasonal obligations, or
- (2) a pro rata share of the lesser of:
 - A. the post-sequester amount, which is the budget baseline amount minus the sequester amount (in the initial or revised OMB sequester reports), or
 - B. the annualized level in the continuing resolution (see OMB Bulletin No. 87-18 for the definition of this term).

Before November 20th, the budget baseline and sequester amounts in the initial (October 20th) OMB sequester report apply. On or after November 20th, the amounts in the final (November 20th) OMB sequester report apply.

For purposes of budget execution reports, the automatic apportionment of the pro rata share will be treated on the S.F. 133 in the following manner:

- Place either the post-sequester amount or the annualized level in the continuing resolution, whichever is lower, on line 1 (Budget authority).

For example, if the amount in the budget baseline was \$100 million (the 1987 level of \$95 million plus inflation of \$5 million) and the sequester amount was \$8.5 million, the post-sequester amount is \$91.5 million, and the annualized level in the continuing resolution is \$95 million, then place \$91.5 million on line 1.

- Assuming that there are no amounts on lines 2, 3, or 4, determine the pro rata share of the amount available by multiplying the amount on line 1 by a percent that is based on a fraction determined as follows:

- o The numerator of the fraction will be the number of days, in total, covered by all the continuing resolutions for FY 1988.

For example, the numerator under the current continuing resolution is 41; if it is extended for 10 days, the numerator would be 51.

o The denominator will be 365.

Before multiplying, turn the fraction into the nearest whole percent. In the above example, for a total of 51 days this would be 14 percent. ($51/365 = .1397 = 14$ percent)

After multiplying, place the result on line 7 (Total budgetary resources).

- Enter, as a negative, the amount not available pursuant to the continuing resolution on line 5 (Portion not available). Calculate this amount by subtracting the amount on line 7 from the amount on line 1.
- The net effect will be to pro rate the sequester over the fiscal year.

All conditions specified on the most recent prior apportionment, including those specified in footnotes, are continued under the automatic apportionment. An apportionment request must be submitted if the agency deems it necessary to revise or omit such conditions.

b. Written apportionment requests for amounts provided by part-year continuing resolutions. For all amounts provided by a part-year continuing resolution, agencies are required to submit to OMB reapportionment requests:

- whenever required by OMB;
- if, in view of the agency, the pattern of seasonal obligations, which is the percent (not the amount) of total annual obligations normally incurred during the period covered by the resolution(s), justify an amount higher than the pro rata share that is automatically apportioned;
- whenever the agency deems it necessary to change the conditions specified on prior apportionments or instructions; or
- whenever the amount apportioned in the most recent written apportionment is greater than the lower of the post-sequester amount in the most recent OMB sequester report or the annualized level in the continuing resolution.

In these cases, the amounts will be treated on the S.F. 132 in the following manner:

- Place either the post-sequester amount or the annualized level in the continuing resolution, whichever is lower, on line 1 (Budget authority).
- Assuming there are no amounts on lines 2, 3, or 4, determine the portion of the amount on line 1 that will be apportioned by multiplying the amount on line 1 by the percent of total obligations normally incurred during the period covered by the resolution. Place this amount on line 7 (Total budgetary resources).
- Enter, as a negative, the amount not available pursuant to the continuing resolution on line 5 (Portion not available). Calculate this amount by subtracting the amount on line 7 from the amount on line 1.
- The net effect will be a proportional sequester of the amount specified in the most recent OMB sequester report.

c. Special instructions for accounts with sequestrable resources that are not provided by continuing resolutions. The following instructions apply as of the date of this Bulletin.

For sequestrable resources that are not provided by continuing resolutions:

- Previous apportionment actions that reflect the most recent sequester continue in effect.
- Previous apportionment actions that did not reflect the sequester are cancelled.
- Previous exemptions from apportionments, for accounts that were exempt at the discretion of OMB, are cancelled. All such accounts now are required to be apportioned.
- Limitations established by the Act are required to be apportioned. This pertains to obligation limitations and credit limitations for accounts that previously were not subject to limitations in appropriation acts.

(Note: Limitations previously specified in appropriation acts are continued by continuing resolutions. Therefore, the instructions in 3.a or 3.b, as appropriate, apply.)

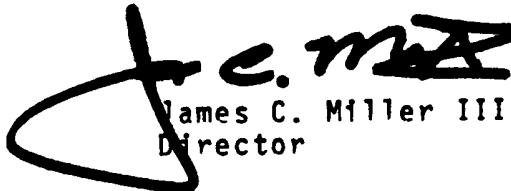
In those cases described above that now require apportionment actions, the post-sequester amount -- which is the amount in the budget baseline minus the sequester amount -- is automatically apportioned, unless otherwise required by OMB.

All conditions specified on the most recent prior apportionment, if any, including those specified in footnotes, are continued under the automatic apportionment. An apportionment request must be submitted if the agency deems it necessary to revise or omit such conditions.

Also, under these automatic apportionments, agencies will apply the sequester percentage published in the most recent OMB sequester reports -- for example, the 10.5 percent for defense or 8.5 percent for nondefense in the October 20th report -- to each budget account activity, as identified in the program and financing schedule contained in the Budget of the United States Government, 1988--Appendix. The reduced budget activity levels will not be reflected in reapportionment documents, unless specifically required by OMB.

(Note: Upon enactment of full-year appropriations, OMB will require agencies to report the distribution of sequestration amounts by program, project, and activity level for amounts provided in appropriations acts, and by budget activity level for funds not provided in appropriations acts.)

4. Inquiries. Questions should be addressed to the OMB examiner with budget responsibility for the account.


James C. Miller III
Director